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Supreme Court, U.S.
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No. 95-1115

In The

Supreme Court of the United States

October Term, 1995

FLAKT, INC.,

Petitioner,

vs.

JOY TECHNOLOGIES, INC.,

Respondent.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

RESPONDENT'S BRIEF IN OPPOSITION

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RESPONSES TO QUESTIONS PRESENTED BY THE PETITION

Respondent responds to the "Questions Presented" by Petitioner as follows:

A. Petitioner's Question No. 1

> Does not the plain meaning of Rule 19(a) of the Federal Rules of Civil Procedure preclude joinder of a person as an "involuntary plaintiff" to an action where the person is not "subject to service of process"?

Response:

No. The provision of Rule 19(a) relating to involuntary plaintiffs is specifically intended to deal with persons who are *not* subject to the jurisdiction of the court but are bound by the outcome of the case, as concluded by all four circuits that have considered the question.

B. Petitioner's Question No. 2

> Does not Fed. R. Civ. P. 19 control on questions of joinder, such that application of the pre-Rule procedure of *Independent Wireless Telephone Co. v. Radio Corp. of America*, 269 U.S. 459, 46 S. Ct. 166 (1926), wherein a patent licensee's infringement action was saved from dismissal by allowing the absent patent owner who was "beyond the reach of process" to be "made co-plaintiff by the licensee," no longer is permissible?

Response:

No. Rule 19(a) explicitly preserves the status of "involuntary plaintiff" as defined in *Independent Wireless Telephone Co. v. Radio Corp. of America*, 269 U.S. 459, 46 S. Ct. 166 (1926).

C. Petitioner's Question No. 3

> May a district court in a patent infringement action brought by a licensee disregard the plain meaning of Fed. R. Civ. P. 19 by permitting joinder of an absent patent owner as an "involuntary plaintiff" to save the action from dismissal, when the owner is a foreign company not subject to the court's jurisdiction, thereby disabling the defendant from obtaining relevant discovery, while the patent owner nevertheless actively controls the action and fully cooperates with its licensee to facilitate prosection of the action?

Response:

The "plain meaning" of Rule 19(a) is that a person not subject to jurisdiction of the court can be designated an "involuntary plaintiff" in a "proper case." This is a proper case because the District Court, contrary to assumption contained in the question, went to considerable lengths to insure that the involuntary plaintiff did cooperate in discovery. There was no manipulation of the judicial process, nor was there prejudice to Petitioner.

PARTIES TO THE PROCEEDINGS

The parties to this proceeding are set out in the caption.

Pursuant to Supreme Court Rule 29.6 Respondent Joy Technologies Inc. has no subsidiaries that are not wholly owned. The following is a parent company of Respondent:

Harnischfeger Industries, Inc.

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3A James W. Moore *et al., Moore's Federal Practice* ¶ 19.06 (2nd Ed. 1995 and Supp. 1994-95) 8

OPINION BELOW

The opinion of the Court of Appeals for the Federal Circuit to which the petition applies is a unanimous decision of a three-judge panel that has been designated by that court as not citable as precedent. The opinion has been the subject of two requests for reconsideration and rehearing *en banc* on precisely the same issue presented by the petition.

FLAKT'S STATEMENT OF FACTS IS HIGHLY MISLEADING

A. The Procedure Used In This Case Did Not Result From Collusion or Manipulation of the Judicial System

Flakt's petition presents a distorted view of the facts, particularly as to the timing, nature and origin of Joy's relationship to Niro and the patent-in-suit ("the '873 patent"). Contrary to Petitioner's assertions, Joy's right to bring this case did not arise from an agreement between Joy and Niro entered into shortly before the complaint was filed. Instead, Joy's relationship to Niro and the '873 patent originated more than a decade earlier. The purpose of a long series of Joy/Niro agreements was to give Joy patent rights of very substantial value, not to put Flakt at some perceived procedural disadvantage.

Since 1977 there has been a series of contracts between Joy and Niro, the owner of record of the '873 patent, under which those parties jointly developed and later built systems of the patented type.[1] It was pursuant to the first of these contracts that Joy and Niro jointly built and operated research facilities that led

1. Evidence of the first of such arrangement is found at: November 2, 1977 Joy/Niro agreement, PX171; Kaplan trial testimony, Tr. 1336; Felsvang trial testimony, Tr. 83-84.

to the development of the patented invention. (Felsvang trial testimony, Tr. 81-88, 107, 128-131; Morford trial testimony, Tr. 252-255). These facilities were constructed at a cost of more than $15,000,000. (Morford trial testimony, Tr. 253) Although Joy and Niro shared this cost equally, the patent was assigned to Niro because the inventors were Niro employees. (Felsvang trial testimony, Tr. 74-75).

Under the original 1977 Joy/Niro agreement, Joy had substantial rights relating to the patented systems, including the right to be the prime contractor on all large systems. (November 2, 1977 Joy/Niro agreement, PX171; Kaplan trial testimony, Tr. 1336; Felsvang trial testimony, Tr. 83-84). In 1985, this arrangement was modified so that Joy acquired "exclusive" rights to the patented process in North America on large and small systems, subject only to very limited transitional rights retained by Niro (June 24, 1985 Joy/Niro agreement, PX75), as discussed below. To compensate Niro for the transfer to Joy of these additional rights relating to the patented process, Joy paid Niro $8,550,000 and agreed to continue paying a royalty. (Morford trial testimony, Tr. 256-258, 288-290; June 24, 1985 Joy/Niro agreement, PX75). Niro retained record ownership of the patent.

When suit was brought against Flakt in 1989 it was Joy, the licensee, that had by far the greater interest in enforcement of the '873 patent and was well on its way toward $360,000,000 in sales of the patented systems. (Brown trial testimony, Tr. 350). Joy competed head-to-head with Defendant Flakt in making those sales. Niro, on the other hand, had a strong interest in maintaining a harmonious relationship with Flakt, owing to a Niro/Flakt agreement by which Flakt was profitably licensed by Niro under European patents corresponding to the '873 U.S. patent.[2] Moreover, Flakt was a major European customer of

2. Reference is made to the Flakt organization generally, including Flakt, Inc. and its foreign parent.

Niro. (Felsvang trial testimony, Tr. 139-141; Jan. 14, 1986 agreement between A/S Niro Atomizer and Flakt, AB, PX29). Thus, Niro had good reason to acquiesce in the *status quo*, even though Flakt was poaching in Joy's exclusive United States territory. The District Court made a well-supported finding that Niro refused to join in this action voluntarily. (Appendix C to Petition, A19-20; Mar. 3, 1990 letter from J. Davis to O. Andersen; May 8, 1990 letter from O. Andersen to J. Davis).

Flakt's petition erroneously characterizes the contract between Joy and Niro that permitted Joy to sue as having been arranged only "One week before the suit was commenced," creating a false and unwarranted implication of collusion (p. 4). In fact, Joy's right to sue infringers derives from the 1985 agreement, which precedes the commencement of this action by four years, not one week. That agreement gave Joy the right to sue any infringer if Niro failed to do so within ninety days of a request by Joy that such action be taken (a common provision in license agreements, recognizing that the interest of the licensee in having the patent enforced may exceed that of the licensor). Joy also had a right under the 1985 agreement to receive from Niro "all information and assistance" relating to any suit it brought. (June 24, 1985 Joy/Niro agreement, Section 14.9, PX75). All that the 1989 modification did is waive the ninety day waiting period and resolve the question — unaddressed in the 1985 agreement — of how the proceeds of the litigation were to be divided (50/50). (Sept. 22, 1989 Joy/Niro letter agreement, PX499). It was not the origin of Joy's right to sue.

Joy did bring suit in its own name against Flakt in 1989, in the District of Delaware where Niro was not subject to jurisdiction. (Kaplan trial testimony, Tr. 1334-1335; Appendix C to Petition, A19-20). It does not appear from the record that there was any district in which Joy could have been confident of

obtaining personal jurisdiction over both Flakt and Niro.[3] When Flakt moved to dismiss Joy's complaint based on the absence of Niro as a party, the District Court held that Joy is an "enhanced licensee," but not the full equivalent of an assignee, and thus could not sue for infringement by itself. The Court, however, granted Joy leave to join Niro as an involuntary plaintiff under Fed. R. Civ. P. 19(a) and proceed with the case. (Appendix C to Petition). The District Court did so having before it the 1985 Agreement, the 1989 modification and a letter by which Niro agreed to be bound by the result of the case. (May 8, 1990 letter from O. Andersen to J. Davis; May 31, 1990 Declaration of James C. Doub; June 24, 1985 Joy/Niro agreement, PX75; Sept. 22, 1989 Joy/Niro letter agreement, PX499).

In June of 1991, well before the trial of this action took place, Flakt brought a declaratory judgment action against Niro in the District of Columbia to have the '873 patent declared invalid. Niro successfully moved to have that action dismissed on the ground that it would be moot because Niro and Flakt would both be bound by the results of the Delaware action brought by Joy.[4]

B. Niro Co-operated in Discovery

The Delaware District Court properly took note of Flakt's need for discovery from Niro. As accurately stated at page 6 of Flakt's second "suggestion" to the Federal Circuit that this case be heard *en banc*:

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3. Suit was brought in 1989, before the decision in *VE Holding Corp. v. Johnson Gas Appliance Co.*, 917 F.2d 1574, 1583 (Fed. Cir. 1990), *cert. denied*, 499 U.S. 922, 111 S. Ct. 1315 (1991), holding that a broader choice of forum is available to the plaintiff in a patent case.

4. *ABB Flakt, Inc. v. A/S Niro*, C.A. No. 91-1429 (D.D.C. 1992).

> The [district] court indicated that it would expect Niro to thereafter "cooperate" in discovery, else Joy would run the risk that the court would reconsider its prior ruling that "saved" the case and thus perhaps dismiss the action as Flakt had originally requested.

As to the amount of discovery to be provided by Niro, the District Court said "If you can't agree, I can tell you what is reasonable." The District Court then gave specific examples of discovery it would require. (Oct. 15, 1991 District Court hearing, Tr. 67-68). Flakt did, in fact, obtain from Niro not only a voluminous production of documents,[5] but a deposition of the principal inventor, Karsten Felsvang, who was still a Niro employee. That deposition became so protracted that Joy was forced to obtain an order limiting its length. (Nov. 27, 1991 District Court Order, page 2).

Although Flakt now asserts that Niro did not cooperate in discovery, the record shows that Flakt never once asked the District Court to address such a contention, nor did it ask the District Court to act on its offer to reconsider the decision to permit the case to proceed if Niro did not co-operate. Later, the District Court was to find that "Niro has complied with all of Flakt's discovery requests." (Dec. 10, 1993 District Court Order). Flakt never sought further discovery from Niro under The Hague Convention.[6]

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5. Oct. 15, 1991 District Court hearing, Tr. 67-68; Oct. 17, 1991 letter from J. Doub to R. Schroeder and P. Lempel; Nov. 6, 1991 letter from J. Doub to P. Lempel; Nov. 7, 1991 letter from J. Doub to P. Lempel; Nov. 15, 1991 letter from J. Doub to P. Lempel.

6. *Flakt* submitted to the District Court a declaration by a Danish attorney stating that "Denmark is bound by the [Hague] Convention to assist in obtaining access to documents from Niro," and that Flakt would be able to

(Cont'd)

Flakt asserts here (page 5) that it was prejudiced because Niro was late in producing certain documents, but it never made such a complaint to the District Court, nor did it seek a continuance of the trial or other such relief. Accordingly, the record contains no evidence that would support Flakt's assertion that it was in any way prejudiced by a lack of discovery from Niro.

SUMMARY OF ARGUMENT

Rule 19(a), third sentence, provides for two categories of persons who should be plaintiffs but refuse to join voluntarily, (1) defendants to be realigned as plaintiffs, and (2) involuntary plaintiffs. If the person is subject to jurisdiction, initial status as a defendant and realignment is clearly appropriate. If the person is not subject to jurisdiction, involuntary plaintiff status is appropriate "in a proper case." Under Petitioner's contrary analysis of Rule 19(a), the provision for involuntary plaintiffs would serve no purpose. Defendants and involuntary plaintiffs would not be distinguished in any way. The only logical conclusion is that Rule 19, as most recently amended in 1966, is consistent with the long established definition of an involuntary plaintiff as a person not subject to jurisdiction.

Petitioner's argument that the involuntary plaintiff procedure, as set forth in *Independent Wireless Telephone Co. v. Radio Corp. of America*, 269 U.S. 459, 46 S. Ct. 166 (1926), is easily subject to abuse and should therefore be abolished, ignores the provision of Rule 19(a) that this procedure is to be used only "in a proper case." Thus it cannot be used where there is thought to be collusion or where it would be misapplied to

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(Cont'd)

take depositions of Niro's employees, subject to certain formalities. (April 18, 1990 Declaration of Hakon Schmidt, Sections 3 and 5). It is proper to determine foreign law based on this declaration, Fed. R. Civ. P. 44.1.

circumvent discovery. However, there has been nothing of that nature in this case, and the district court went to extraordinary lengths to insure that discovery was available to the Petitioner.

Finally, the propriety of using the involuntary plaintiff procedure is moot under the facts of this case. Joy had sufficient rights to sue by itself and it was not truly necessary to name Niro in any capacity.

REASONS FOR DENYING THE WRIT

I.

AN INVOLUNTARY PLAINTIFF NEED NOT BE SUBJECT TO SERVICE OF PROCESS.

This Court endorsed reliance on involuntary plaintiff status under factual circumstances very similar to those of the present case in *Independent Wireless Telegraph Co. v. Radio Corp. of America*, 269 U.S. 459, 46 S. Ct. 166 (1926). A patent licensee was allowed to sue an infringer by naming the patent owner, over whom the court did not have jurisdiction, as an involuntary plaintiff. The commentator's notes to the original Rule 19 cited *Independent Wireless* as an example of a situation in which the involuntary plaintiff procedure could properly be used.

Flakt argues (page 13) that the 1966 amendment to Rule 19(a), although it retains the long established term "involuntary plaintiff," has fundamentally changed the meaning of that term so that now only persons over whom the Court does have jurisdiction can be so designated, whereas before the amendment only persons over whom the Court did not have jurisdiction could be so designated. Thus, Flakt argues that the 1966 amendment reversed the established meaning of the term "involuntary plaintiff," despite the fact that the Rule itself does

not say so, nor is there anything in the commentator's notes suggesting that such an about face was intended.

Flakt's argument is squarely at odds with all four circuits that have spoken on the point *after the 1966 amendments*. The Federal Circuit, prior to the decision now called into question, unequivocally stated in *Abbott Laboratories v. Diamedix Corp.*, 47 F.3d 1128, 1133 (Fed. Cir. 1995)[7] that an involuntary plaintiff "is not subject to service of process." Petitioner's suggestion (page 18) that this procedure has been considered and ruled upon only by the Federal Circuit is simply wrong. Consistent rulings by other circuits are found in *Sheldon v. West Bend Equipment Corp.*, 718 F.2d 603, 606 (3rd Cir. 1983), *Followay Productions, Inc. v. Maurer*, 603 F.2d 72, 74-75 (9th Cir. 1979), and *Willingham v. Lawton*, 555 F.2d 1340, 1346 (6th Cir. 1977). The principal commentators are in agreement with the interpretation of Rule 19(a) shared by these four circuits. 3A James W. Moore *et al.*, *Moore's Federal Practice* ¶ 19.06 at 19-86 and 19-87 (2nd Ed. 1995 and Supp. 1994-95); 7 Charles A. Wright *et al.*, *Federal Practice & Procedure* § 1606 at 72-74 (2d Ed. 1986 and Supp. 1993).

Petitioner's citation of *Erbamont Inc. v. Cetus Corp.*, 720 F. Supp. 387 (D. Del. 1989) reflects the absence of any real support

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7. Flakt argues, in footnote 5 on p.8, that *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 876 (Fed. Cir. 1991) is inconsistent with *Abbott Laboratories, supra*. However, *Vaupel* held that the plaintiff had sufficient rights to be considered the equivalent of an assignee and could properly sue for infringement without naming the licensor/assignor in any capacity. Flakt relies on note 1, p. 876 of the decision, but that note merely points out that if a party is indispensable under Rule 19(a) and is absent it *may* be necessary to dismiss. The Court simply did not consider or address at all the possibility of naming a patent owner/licensor as an involuntary plaintiff. In fact, involuntary plaintiff status is not mentioned or discussed anywhere in *Vaupel*, nor was any consideration given to whether that was a "proper case" for reliance on that status.

for the position it urges. That court held that the party in question was not needed at all and thus never faced the issue of whether involuntary plaintiff status was appropriate. The implications that Petitioner would find in that case require a very imaginative reading, to say the least.[8]

Flakt's relies on, and quotes extensively from *Catanzaro v. International Tel. & Tel. Corp.*, 378 F. Supp. 203, 209 (D. Del. 1974), as if this District Court decision, more than twenty years old, could justify granting the petition. More recently, however, in *Rose Hall, Ltd. v. Chase Manhattan Overseas Banking Corp.*, 494 F. Supp. 1139, 1150 at n. 14 (D. Del. 1980), *Catanzaro* was characterized as the "only" case supporting Flakt's position and was expressly not followed by the very district that had decided *Catanzaro*, this being the same district that rendered the decision now on appeal. Contrary to Petitioner's assertions, there is not at present a "conflict" within the District of Delaware, or anywhere else, concerning the meaning of Rule 19(a).

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8. At page 12 the Petition cites, but does not discuss, two additional district court cases that supposedly support its position. However, in *SIG Swiss Industrial Co. v. Fres-Co System U.S.A., Inc.*, 20 U.S.P.Q. 2d 1148, 1151 (E.D. Pa. 1991) involuntary plaintiff status was not proposed or considered because the patent owner had not agreed to be bound by the outcome. The case has no relevance here.

In *Parkson Corp. v. Fruit of the Loom Inc.*, 28 U.S.P.Q. 2d 1066, 1071 (E.D. Ark. 1992) the court decided to proceed without the patent owner, who was not regarded as "indispensable" under Rule 19(b). If *Parkson* were followed here, the joinder of Niro would have been unnecessary and the question of whether it was proper to join Niro as an involuntary plaintiff would have been moot. Comments in *Parkson* about involuntary plaintiffs are dicta.

II.

THE LANGUAGE OF RULE 19(a) ITSELF DOES NOT SUPPORT FLAKT'S POSITION.

The third sentence of Rule 19(a), which is the subject of the Petition, reads as follows:

> If the person should join as a plaintiff but refuses to do so, the person may be made a defendant, or, in a proper case, an involuntary plaintiff.

Thus, the Rule clearly states that there are *two* categories of persons who should be plaintiffs but will not join the action voluntarily. There are "defendants" and "involuntary plaintiffs." If we were to accept Flakt's argument that the introductory phrase of the first sentence of Rule 19(a), addressing persons subject to service, applies to both the defendants and the involuntary plaintiffs mentioned in the third sentence, then the provision for involuntary plaintiffs would serve no purpose. An "involuntary plaintiff" would be indistinguishable from a "defendant" in this context. The only logical conclusion to be drawn is that a person who should be a plaintiff but refuses to join voluntarily and is subject to jurisdiction can be made a *defendant,* whereas a person who refuses to join voluntarily is not subject to jurisdiction can, under some circumstances, be made an *involuntary plaintiff.* The definition of "involuntary plaintiff" remains what it has always been, a party bound by the outcome, who should be a plaintiff but refuses to join and is not subject to service.

III.

THE PETITION IGNORES THE "PROPER CASE" REQUIREMENT OF RULE 19(a).

Rule 19(a) does not dictate that involuntary plaintiff status on the part of the patent owner is appropriate in all infringement actions brought by a licensee. The rule states that this approach may be used only "in a proper case." It is probably impossible to catalog all the circumstances which would render this procedure improper; such determinations must be made on a case-by-case basis. However, the Petitioner's assertion (page 9) that Rule 19(a), as interpreted by the Courts of Appeal, "provides a road-map for collusion" ignores the "proper case" requirement of the rule and hypothecates a problem that simply does not exist.

The most compelling reason for refusing to apply the involuntary plaintiff procedure would be a concern that the defendant would be subject to multiple lawsuits and conflicting claims. *Vaupel Textilmaschinen KG v. Meccanica Euro Italia S.P.A.*, 944 F.2d 870, 875 (Fed. Cir. 1991). ("The policy underlying the requirement to join the owner when an exclusive licensee brings suit is to prevent the possibility of two suits on the same patent against a single infringer.") However, Flakt cannot make a plausible argument that there is any such possibility here. Not only did Niro agree in advance to be bound by the outcome of this action, but it also obtained the dismissal of Flakt's District of Columbia declaratory judgment action, well before the trial, on the very basis that it would be bound by the outcome of this case. (Sec. A). Obviously, Niro could not have disavowed any adverse holding in this case.

Flakt suggests, without any evidentiary support, that Joy's use of the involuntary plaintiff procedure is part of some collusive and nefarious scheme, causing Flakt to be prejudiced

because it assertedly could not obtain from Niro the discovery it needed. As discussed above, however, the record shows that the District Court was careful to guard against this possibility, taking considerable pains to ensure that Flakt received from Niro all the discovery to which it was entitled and stating that it would revisit the propriety of using the involuntary plaintiff procedure if Joy did not or could not see to it that Flakt received that Niro discovery. The District Court's handling of this case was exemplary of the proper use of the involuntary plaintiff procedure.

If Flakt believed that it did not receive all the discovery to which it was fairly entitled, it was incumbent on Flakt to raise this point with the District Court, as it was invited to do. The matter could then have been addressed properly and evidence could have been brought to bear. If Flakt had contended then that it was prejudiced by a late production of documents by Niro, the District Court could have determined what documents were in question, when they were requested, whether they were produced late and if so why, and whether there was any resulting prejudice. This discovery matter should not be decided by the Supreme Court without an appropriate record.

It should also be remembered that Niro's status as an involuntary plaintiff, even without the special assurances of full discovery that the District Court gave Flakt, could not have placed Flakt in an anomalously disadvantageous position. A defendant in a patent case has no assurance or expectation that the party bringing suit will be the party that originally obtained the patent and that it will not be necessary to rely on third party discovery. As held in *Costello Publishing Co. v. Rotelle*, 670 F.2d 1035, 1044 (D.C. Cir. 1981), the question of who should be a party under Rule 19 is quite separate from questions of discovery.

Petitioner relies (page 9) on an impassioned argument about foreign patent owners who, Petitioner supposes, prearrange to have their patents asserted by their proxies, somehow gaining thereby an unfair advantage.[9] Should such circumstances arise — and they certainly did not arise here — that would not be a "proper case" for the use of the involuntary plaintiff procedure of Rule 19(a). It should not be assumed however that the lower courts would fail to deal adequately with such a situation under existing law.

IV.

THE SCOPE OF JOY'S RIGHTS UNDER THE LICENSE NOT ONLY JUSTIFIED THE USE OF THE INVOLUNTARY PLAINTIFF PROCEDURE, BUT WAS SUFFICIENT TO PERMIT JOY TO SUE WITHOUT NAMING NIRO AT ALL.

Under 35 U.S.C. § 281, a "patentee" can bring suit. It was recognized long ago, however, that an assignee, or a licensee who has substantially all the rights of an assignee, can bring suit alone and in its own name. *Waterman v. Mackenzie*, 138 U.S. 252, 11 S. Ct. 334, 335 (1891).

Rule 19(a) sets forth a procedure whereby a licensee who does not have sufficient rights to bring suit without the patent owner can nonetheless sue if the owner is named as an involuntary plaintiff. It is sometimes said that the licensee who uses the involuntary plaintiff procedure must have "exclusive" rights, but clearly this does not mean that the licensee must have

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9. It would take a very conspiratorial predisposition indeed to conclude that the agreement entered into four years before suit was brought, resulting in payments to the record owner of the patent of more than $8,000,000, was in reality a sham transaction the purpose of which was to gain some doubtful procedural advantage in the conduct of this case.

all the rights of an assignee. Rights of that nature would obviate the need to use the involuntary plaintiff procedure, as the licensee could simply sue by itself. *Para-Ordnance Manufacturing, Inc. v. SGS Importers International, Inc.*, Nos. 94-1486, 94-1487, 1995 U.S. App. Lexis 36878 (Fed. Cir., Dec. 28, 1995). Rule 19(a) thus provides a remedy for the licensee damaged by the infringement who does not have sufficient rights to sue without the patent owner, but only when the rights of the infringer are properly protected, as they were in this case.

The District Court, taking a conservative approach, characterized Joy as having sufficient rights to sue if it named the patent owner, Niro, as an involuntary plaintiff, but not enough rights to sue alone. (Appendix C to Petition, A15). To determine whether the District Court was correct, we must look to the 1985 agreement (the 1989 modification did not change the *scope* of Joy's rights) and we must ask two questions. First, is Joy an "exclusive licensee" with such rights that it was not necessary to join Niro in any capacity? Second, if Joy could not sue alone, did it have sufficient rights to take advantage of the involuntary plaintiff procedure of Rule 19(a)? In *Vaupel, supra* at 874-876, it was held that a licensee with rights very similar to those of Joy could proceed without joining the patent owner in any capacity. Certainly Joy could at least meet a lower standard and had sufficient rights to proceed after it named Niro as an involuntary plaintiff.

The 1985 agreement (June 24, 1985 Joy/Niro Agreement, PX75) provides in Article II(a) that the license is "exclusive (except for those activities in North America which [Niro] is permitted to pursue under the provisions of Article XIII of this Agreement)." Article XIII, Section 13.2, makes it very clear that Niro cannot compete with Joy except with respect to: (a) other agreements between Joy and Niro (the Record reveals none); (b) a specific contract with the City of Carson; and (c) any other

systems for which a binding contract had been entered at the time. Clearly, the rights that Niro retained were a transitional phase-out provision. In fact, Niro has been out of the United States market entirely since 1985. (Morford March 9, 1990 Deposition Testimony, pp. 54-55; May 31, 1990 Declaration of Claus Nielsen). Thus in 1989, when suit was brought, Joy was an "exclusive" licensee. Not only was Joy fully entitled to avail itself of the involuntary plaintiff procedure of Rule 19(a), but it had sufficient rights to sue without naming Niro at all. In reality the issue that Petitioner raises as to Rule 19(a) is moot under the facts of this case.

CONCLUSION

For the foregoing reasons, Respondent respectfully requests that the Court deny the Petition for Writ of Certiorari.

Respectfully submitted,

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